

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**Unaudited Condensed Consolidated Statements of Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 9 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/09/2013 RM	COMPARATIVE QUARTER ENDED 30/09/2012 RM	CURRENT PERIOD ENDED 30/09/2013 RM	COMPARATIVE PERIOD ENDED 30/09/2012 RM
Revenue	56,892,168	41,856,022	181,262,948	128,241,599
Cost of sales	(42,099,217)	(34,945,094)	(125,734,557)	(99,873,274)
Gross profit	<u>14,792,951</u>	<u>6,910,928</u>	<u>55,528,391</u>	<u>28,368,325</u>
Other income	668,062	750,062	2,666,836	3,017,885
Distribution costs	(690,875)	(226,975)	(1,345,067)	(713,991)
Administrative expenses	(3,535,401)	(4,048,969)	(11,520,985)	(10,040,600)
Other expenses	(1,071,665)	(629,504)	(2,459,171)	(1,671,392)
Finance costs	(23,143)	(41,818)	(174,671)	(167,323)
Share of results of associates	(320,126)	28,441	(298,667)	(32,803)
Profit before tax	<u>9,819,803</u>	<u>2,742,165</u>	<u>42,396,666</u>	<u>18,760,101</u>
Income tax expense	(2,714,920)	(750,988)	(10,823,509)	(4,674,808)
Profit for the period	<u>7,104,883</u>	<u>1,991,177</u>	<u>31,573,157</u>	<u>14,085,293</u>
Other Comprehensive Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income for the period	<u>7,104,883</u>	<u>1,991,177</u>	<u>31,573,157</u>	<u>14,085,293</u>
Profit for the period attributable to:				
Owners of the parent	7,136,235	1,755,864	30,486,610	13,175,708
Non-controlling interest	(31,352)	235,313	1,086,547	909,585
	<u>7,104,883</u>	<u>1,991,177</u>	<u>31,573,157</u>	<u>14,085,293</u>
Total Comprehensive Income for the period attributable to:				
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Non-controlling interest	(31,352)	235,313	1,086,547	909,585
	<u>7,104,883</u>	<u>1,991,177</u>	<u>31,573,157</u>	<u>14,085,293</u>
Earnings per share attributable to owners the parent:				
Basic, for profit for the period (sen)	<u>2.77</u>	<u>0.68</u>	<u>11.83</u>	<u>5.11</u>
Diluted, for profit for the period (sen) - Not Applicable				

(These Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

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INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 30/09/2013 RM	AS AT 31/12/2012 RM
ASSETS		
Non-current assets		
Property, plant & equipment	140,737,191	122,668,690
Investment in associates	1,738,082	1,246,749
Deferred tax assets	775,751	1,371,927
	<u>143,251,024</u>	<u>125,287,366</u>
Current assets		
Inventories	45,475,770	47,947,224
Trade and other receivables	63,414,597	53,576,833
Other current assets	725,547	3,325,224
Investment securities	69,925,325	53,870,519
Cash and bank balances	4,905,052	15,420,195
	<u>184,446,291</u>	<u>174,139,995</u>
TOTAL ASSETS	<u>327,697,315</u>	<u>299,427,361</u>
EQUITY AND LIABILITIES		
Current liabilities		
Amount due to customers for contract work	1,988,523	828,970
Loans and borrowings	2,412,668	8,537,107
Trade and other payables	26,157,637	18,720,660
Income tax payable	1,304,964	1,343,511
	<u>31,863,792</u>	<u>29,430,248</u>
Net Current assets	<u>152,582,499</u>	<u>144,709,747</u>
Non-current liabilities		
Loans and borrowings	6,150,366	2,205,204
Deferred tax liabilities	3,323,683	2,738,392
	<u>9,474,049</u>	<u>4,943,596</u>
Total liabilities	<u>41,337,841</u>	<u>34,373,844</u>
Net assets	<u>286,359,474</u>	<u>265,053,517</u>
Equity attributable to owners of the parent		
Share capital	128,896,000	128,896,000
Retained earnings	150,842,556	130,023,146
	<u>279,738,556</u>	<u>258,919,146</u>
Non-controlling interest	<u>6,620,918</u>	<u>6,134,371</u>
Total equity	<u>286,359,474</u>	<u>265,053,517</u>
TOTAL EQUITY AND LIABILITIES	<u>327,697,315</u>	<u>299,427,361</u>

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INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**Unaudited Condensed Consolidated Statements of Changes in Equity**

	<----- Attributable to owners of the parent ----->			Total RM	Non-controlling Interest RM	Total Equity RM
	Share Capital RM	Non-Distributable Other Reserves RM	Distributable Retained Earnings RM			
At 1 January 2012	128,896,000	(193)	119,196,759	248,092,566	4,758,572	252,851,138
Profit for the period	-	-	13,175,708	13,175,708	909,585	14,085,293
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	13,175,708	13,175,708	909,585	14,085,293
Final dividend for FYE 31 December 2011	-	-	(9,667,200)	(9,667,200)	-	(9,667,200)
At 30 September 2012	<u>128,896,000</u>	<u>(193)</u>	<u>122,705,267</u>	<u>251,601,074</u>	<u>5,668,157</u>	<u>257,269,231</u>
At 1 January 2013	128,896,000	-	130,023,146	258,919,146	6,134,371	265,053,517
Profit for the period	-	-	30,486,610	30,486,610	1,086,547	31,573,157
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	30,486,610	30,486,610	1,086,547	31,573,157
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	(600,000)	(600,000)
First & final dividend for FYE 31 December 2012	-	-	(9,667,200)	(9,667,200)	-	(9,667,200)
At 30 September 2013	<u>128,896,000</u>	<u>-</u>	<u>150,842,556</u>	<u>279,738,556</u>	<u>6,620,918</u>	<u>286,359,474</u>

(These Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

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INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 9 MONTHS ENDED 30/09/2013 RM	CUMULATIVE 9 MONTHS ENDED 30/09/2012 RM
Profit before taxation	42,396,666	18,760,101
Adjustments for:		
Depreciation of property, plant & equipment	5,077,166	3,615,462
Interest expense	174,671	167,323
Property, plant & equipment written off	619	108
Loss on disposal of property, plant & equipment	-	2
Provision for doubtful debts	-	15,083
Reversal of provision for doubtful debts	-	(100,000)
Impairment loss on trade receivables	180,252	273,734
Fair value changes in investment securities	(1,539,295)	(1,560,828)
Interest income	(518,342)	(503,574)
Share of results of associates	298,667	32,803
Total adjustments	<u>3,673,738</u>	<u>1,940,113</u>
Operating cash flows before changes in working capital	46,070,404	20,700,214
Changes in working capital		
Decrease in inventories	2,471,454	13,139,866
Increase in amount due from customers for contract work	-	(2,715,850)
Increase/(decrease) in amount due to customers for contract work	1,159,553	(1,587,460)
(Increase)/decrease in receivables	(9,597,194)	19,076,427
Increase in payables	7,436,977	11,408,609
Increase in other current assets	(5,620)	(1,709)
Cash flows from operations	<u>47,535,574</u>	<u>60,020,097</u>
Interest paid	(174,671)	(167,323)
Taxation paid, net of refund (if any)	<u>(7,075,293)</u>	<u>(5,330,251)</u>
Net cash flows from operating activities	<u>40,285,610</u>	<u>54,522,523</u>
Investing activities		
Purchase of property, plant & equipment	(16,916,286)	(18,890,798)
Investment in an associate company	(820,000)	-
Net purchase of investment securities	(14,515,511)	(8,805)
Interest received	97,520	172,667
Dividend received	30,000	80,000
Net cash flows used in investing activities	<u>(32,124,277)</u>	<u>(18,646,936)</u>
Financing activities		
Dividend paid to shareholders of the Company	(9,667,200)	(9,667,200)
Dividend paid to non-controlling interest of a subsidiary	(600,000)	-
Net repayment of bankers' acceptances	(7,000,000)	(23,672,000)
Repayment of lease instalments	<u>(1,409,276)</u>	<u>(1,164,300)</u>
Net cash flows used in financing activities	<u>(18,676,476)</u>	<u>(34,503,500)</u>
Net (decrease)/increase in cash and cash equivalents	(10,515,143)	1,372,087
Cash and cash equivalents at the beginning of the period	15,420,195	4,205,733
Cash and cash equivalents at the end of the period	<u>4,905,052</u>	<u>5,577,820</u>

(These Condensed Consolidated Statements of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)